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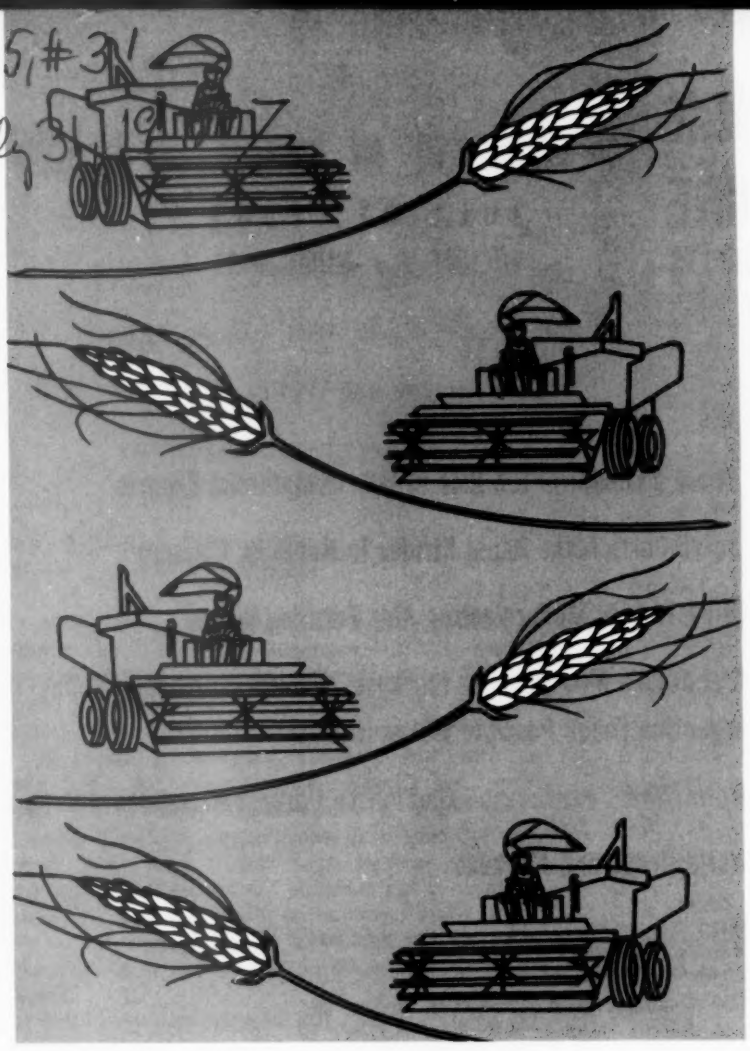

HOW U.S. IS EXPANDING COMMERCIAL EXPORTS

INDIA RAISES HANDLING CAPACITY OF ITS PORTS

IRAN'S FARM MODERNIZATION

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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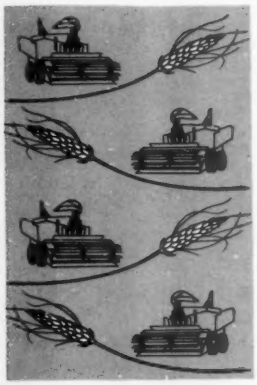

Symbolized on the cover is wheat, one of the United States major exports. U.S. dollar exports of wheat and other agricultural products during the past fiscal year are examined in the article starting on the opposite page.

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Wheat a Leader in the Rise of U.S. Commercial Exports

USDA official explains how one major policy objective—expansion of foreign markets for agricultural commodities—is being attained.

By JOHN A. SCHNITTKER
Under Secretary of Agriculture

A decade ago, U.S. farm policy was increasingly out of touch with the growing importance of U.S. agricultural exports. Programs once capable of coping with agricultural production and income problems had brought farm policy to a crisis of large surpluses and low incomes.

To meet this crisis, new approaches have been tried in the 1960's. We have not rushed recklessly into unexplored territory, but we have not feared to break some new ground. The farm programs that have been implemented since 1961 have raised farm income—although not enough. They have reduced surpluses and can also prevent them. The new farm policy is not perfect, but it does move us toward objectives we all hold. Farm policy is no longer the stepchild of public policy in this country or around the world.

One of the most dramatic and significant changes in our agricultural policies has been in the international field. It is also probably the most misunderstood. Much of the misunderstanding stems from a confusion about the objectives of U.S. export programs, particularly in regard to wheat.

Record commercial wheat exports

To view the situation in its true perspective, let's understand that we are setting a new alltime record for commercial exports of wheat and wheat products. For the fiscal year ending today, commercial sales of wheat and wheat products are estimated at 430 million bushels—94 million bushels more than last year. That represents a gain of 28 percent.

By itself, the 28-percent increase is little short of spectacular. Considering that it has occurred while *total* world trade in wheat has been *dropping off 17 percent*, it is even more significant. It is clear evidence that we are moving constructively to realize one key international objective—the expansion of foreign commercial markets for U.S. farm commodities.

Total U.S. wheat exports for the year just past are expected to be about 735 to 740 million bushels—very close to a bull's-eye on the 740-million-bushel target set by the Department of Agriculture a year ago when the 1967 wheat acreage allotment was established.

Concessional sales and donations under Public Law 480 have not been as large this past marketing year as in the previous year. This is the source of misunderstanding about our export programs, which has caused some concern in the United States and abroad.

Actually, when the decline in P.L. 480 shipments and the increase in commercial sales are put together, they fall into almost perfect balance with one offsetting the other.

This is a healthy development, reflecting a move toward sounder trade patterns, greater self-help on the part of the developing nations, and increased sharing by other developed countries in providing for the world's food aid needs. It is also partly the result of the ineligibility of several countries for food aid this past year.

These are necessary developments if the war on world hunger is ever going to be won. They are logical developments paralleling the objectives of the President's Food For Freedom program within the guidelines laid down by Congress a year ago.

Wheat situation last July

A year ago our wheat supply situation demanded a very careful metering of our stocks against all demands. In fiscal 1966, our wheat exports had totaled 867 million bushels, of which 531 million bushels moved under P.L. 480 commitments. India, suffering from a disastrous crop failure, received the lion's share—259 million bushels.

By July 1, 1966, the U.S. carryover of wheat was down to 535 million bushels. Although this represented the lowest reserve in 14 years, we considered it to be about reasonable for normal times.

With the food crisis continuing in India, however, the times were far from normal. Even with very careful allocations to food-short countries, we estimated that our wheat carryover during the 1966-67 marketing year might be reduced to 390 million bushels.

Our wheat supply and its potential went under the microscope, and the decision was made to increase the national acreage allotment for 1967 wheat to 68.2 million acres—a jump of 32 percent.

In cooperation with other government agencies an allocation to prospective food aid claimants was worked out. This was a particularly difficult process since variable contingencies had to be taken into account. At that time, for example, India's 1967 grain needs were not clear because the season for monsoon rains had not yet set in.

1967 exports on target

The net result was the export target of 740 million bushels of wheat in fiscal 1967. Initially, we earmarked 400 million bushels for shipment under P.L. 480, and about 340 million bushels for commercial sales.

We did a good deal better. As I have pointed out, com-

This article is excerpted from an address given by Dr. Schnittker to members of the Kansas City Board of Trade, Kansas City, Mo., on June 30.

mercial sales this fiscal year will run about 430 million bushels. P.L. 480 exports are estimated at approximately 310 million bushels.

The increase in commercial sales resulted from competitive pricing, adequate credit, quality wheat, and a terrific first half-year before record world harvests came in.

The reduction in food aid shipments stemmed from a number of causes.

Tentative allocations of food had to be made before Congress had completed action on President Johnson's Food for Freedom recommendations. Thus we were in the position of having to provide for the anticipated needs of several countries without knowing whether we would eventually enter into P.L. 480 agreements with them.

Some of the provisions of the 2-year extension of P.L. 480 as enacted by Congress last November, along with international political developments, resulted in our not entering into agreements with the United Arab Republic and Yugoslavia, which had large food grain import requirements.

In fiscal year 1966 those two nations had received about 100 million bushels of wheat and flour under P.L. 480. In fiscal year 1967 they received only about 9 million bushels for which arrangements had been made before the expiration of their P.L. 480 agreements.

On the other hand, the commercial purchases of these two countries increased from 2 million bushels in fiscal 1966 to 37 million in fiscal 1967.

Our shipments to India were also smaller this past year. This is due in part to our insistence that other developed countries share with us the burden of meeting the world's noncommercial food needs and to a slightly better crop in India in 1966-67 than the year before.

Future wheat export goals

Secretary Freeman has announced United States export targets of 750 million bushels of wheat, including approximately 75 million bushels of flour, from both the 1967 and 1968 crops.

At the time of this announcement the Secretary stated, "These are minimum export targets. They will not be reached automatically or easily, but we intend to reach them. Current conditions and trends indicate we can do so if business and government work at it together." The "conditions and trends" to which Secretary Freeman referred include competitive pricing of U.S. wheat, maintenance of adequate supplies of all qualities, and provision of better service for the markets which buy from us.

I believe that the policy of wheat production geared to requirements is a good one. We can avoid the threat of massive surpluses, yet maintain a flexibility that permits fitting supply to demand. Reducing the acreage for 1968 is a part of this policy.

Insofar as U.S. food aid programs are concerned, I believe that the direction we are taking is the right one—harder rather than softer payment terms, emphasis on self-help, and a greater sharing of the food aid burden among developed countries. The advantages of this approach clearly outweigh any short-term lessening of food aid exports.

Record total farm exports

The advantages of our present approach are also evident in the picture of U.S. agricultural exports as a whole. We are heading for another record this fiscal year.

Through May, the value of our exports of agricultural products was $6,228 million, or 2 percent above the level for the first 11 months of fiscal 1966.

Of particular significance is the fact that the big gains in exports continue to be in commercial sales. These are running substantially above last year's high levels and may show an increase of more than $200 million for the year.

Allowing for the decrease in food aid exports, which may be down about $100 million, total exports for fiscal 1967 should be around $6.8 billion, compared with the previous record of $6.7 billion for fiscal 1966.

We continue to consider carefully and sympathetically the food aid requests of friendly countries. We intend to meet our responsibilities within the context of the Food for Freedom legislation. But we look to a continued increase in commercial exports relative to P.L. 480 exports over the long run. This will be beneficial to the United States. It will also be a solid indication of a growing healthy independence on the part of the developing countries. It will mean a recognition of the responsibility other nations bear in the world community.

World wheat next year

Now, a quick look at world wheat production and trade prospects for 1967-68. The Department of Agriculture analysis is still incomplete, but, according to the best information available at this moment, current prospects indicate the possibility of another excellent world wheat harvest in 1967. It will probably be below the record 275 million metric tons (10,100 million bushels) harvested in 1966, but well above the 1961-63 average of 226 million metric tons (8,319 million bushels).

The current outlook also indicates record production in the "Big Four" exporting countries—United States, Canada, Australia, and Argentina—probably exceeding the 78 million tons (2,861 million bushels) outturn of 1966 and significantly more than the 1961-63 average of 60 million tons (2,211 million bushels). The record U.S. crop is, of course, the big factor here.

With generally favorable crop prospects, free world commercial import needs are forecast to be off slightly from last year's record high of 31 million metric tons (1,144 million bushels), but are expected to be well ahead of the 1965-66 level of 26 million tons (962 million bushels).

Imports by the Communist Bloc should stay close to the current year's level although it is difficult to predict the amounts of wheat Communist China will purchase.

On the supply side, the coming year appears marked by a sharp increase in the supply of wheat available for export, carryover, or both in some of the major exporting countries and the possible beginning of general oversupply conditions. The record 1966 harvests in Canada and Australia mean that supplies today in the hands of the major competitors (also including Argentina) could be about 6 to 7 million tons greater than a year earlier. In addition, current indications are that Canada and Australia will have record acreages again in 1967; the Argentines have stated a desire to boost wheat area and production to new highs. These supply factors all point to strong price competition in 1967-68.

In this situation, competitive prices and aggressive marketing by business and government are the keys to expanded exports.

Indian Ports Make Rapid Strides in Handling Capacity

By GUY L. HAVILAND
Assistant U.S. Agricultural Attaché
New Delhi, India

The pressures of drought and threatened famine have spurred India over the past 2 years to almost double the capacity of its ports to unload imported grains and fertilizer. According to the Indian Government, a maximum of nearly 1.2 million tons of these two commodities can now be unloaded monthly—outside the monsoon season—compared with 600,000 tons in mid-1965.

India once resisted large-scale construction of permanent grain-handling facilities at dockside, hoping to become self-sufficient in grain production. As recently as a few years ago, no modern facilities were available. Large crews of men in the ships' holds bagged the grain or loaded it into large canvases from which it was dumped into bins on shore. All grain was removed from the holds by winch. As a result, only ships with large hatch openings could be accommodated in Indian ports, and ships with capacities of more than 10,000 to 15,000 tons were seldom used to carry grain. Food imports of 500,000 tons a month during periods of the early 1960's often backlogged the ports with their limited unloading capacities.

Foodgrain needs double

Then, last year, India's requirements for imported foodgrains suddenly reached 1 million tons a month. This doubled need provided a major challenge to the country's ports and railway systems and demanded that facilities be improved.

Modern grain-handling facilities are now available at all major ports—Bombay, Calcutta, Madras, Kandla, and Visakhapatnam—although a substantial portion of imported grain is still unloaded by the old methods. Dockside transit sheds have been covered to handle bulk foodgrains at several ports. In Calcutta, storage silos of 20,000-ton capacity have been built on a marine leg. Grain evacuators have been installed at all the chief ports, and their use in unloading ships has permitted the Indian Government to charter tankers to carry grain. Today, vessels with carrying capacities of 20,000 tons and more are a common sight at many ports.

A recent trend in shipping grain from the United States to India has been the use of supertankers with capacities of 30,000, 50,000, and over 100,000 tons. The larger supertankers do not enter ports, but unload grain several miles from shore into other ships—some with capacities as high as 25,000 tons.

Indian ports are now equipped to unload and move out of the port vicinity a total of 870,000 tons of foodgrains and 290,000 tons of fertilizer per month. When grain imports exceed 850,000 tons, unloading facilities are diverted to grain, and less fertilizer is unloaded.

Transportation facilities taxed highly

The 1966-67 drought in India has taxed port and rail facilities higher than the one of the previous year. The earlier drought struck chiefly at States near the coast, and food was moved rapidly from ports to areas of greatest need. This year's drought is in the center of the Gangetic plain, with worst hit areas some 400 miles from the nearest port.

Since the major ports are located in densely populated areas and have limited unloading capacities, first priority on incoming grain goes to local populations. The excess is available for shipment to drought areas.

Under these circumstances, the Indian Government has determined that monthly foodgrain imports of 870,000 tons will permit scheduling of 325,000 tons to the drought-affected States of Bihar and Uttar Pradesh. Inland transportation still poses a big problem. Most imported grains are transported by rail—meter-gauge railroad from Kandla and broad-gauge railroad from the other ports. Much of the grain travels over 1,000 miles from port to distribution centers.

From Bombay, good rail facilities permit rapid movement of grains to deficit areas. Rail facilities in Calcutta are excellent, but less than half the monthly grain arrivals are shipped to drought areas because of Calcutta's own acute shortage and its dense population. Madras, lying in a less densely populated area, ships much of the arriving wheat and milo northward. Grain movements from the port of Kandla are limited by the supply of rail cars on the meter-gauge railroad.

Drought states get 325,000 tons

The government estimates the quantities of grain that can move from the major ports to more than 200 depots in Bihar and Uttar Pradesh as follows:

Port	To Bihar	To Uttar Pradesh	Total
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Calcutta	90	30	120
Visakhapatnam	40	.....	40
Madras	30	.....	30
Bombay	10	75	85
Kandla	30	20	50
	200	125	325

The balance of the 870,000-ton monthly capacity (545,000 tons) is used to meet requirements for rationing in all other parts of the country.

PORT HANDLING CAPACITIES IN INDIA

Port	Foodgrains		Fertilizer	Total
	Wheat	Milo		
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Bombay	200	100	60	360
Calcutta	160	40	40	240
Madras	80	50	40	170
Kandla	60	40	30	130
Visakhapatnam	30	10	20	60
Bhavnagar	30	10	20	60
Navlakhi	20	.....	20	40
Cochin	20	.....	10	30
Tuticorin	10	.....	10	20
Veraval	10	.....	.....	10
Minor ports	.....	.....	40	40
Total	620	250	290	1,160

Drive Toward Modernization Aids Farming in Iran

By C. S. STEPHANIDES
U.S. Agricultural Attaché, Tehran

Sixteen years ago, the author worked in Iran under the "Point IV" program of technical assistance, with the opportunity to visit many sections of the country and to gain knowledge of the country's agricultural potential. After several years away from the country, he returned to Iran in 1966, seeing firsthand important changes that had taken place during his absence.

In the last 16 years, Iran has made remarkable progress in the field of agriculture—this in spite of a land reform program that had been expected to curtail production.

Over those years, production of numerous farm products surged to new highs. Between 1954 and 1966, for instance, the cotton crop nearly doubled, and it would have shown an even sharper gain had it not been for insect damage in the latter year. Output of sugarbeets and tea tripled during the same period, rising to 1.5 million and 20,000 metric tons, respectively. And rice production climbed 72 percent to 900,000 tons.

This expansion in the face of land reform, which in many countries is accompanied by an initial setback in farm output, raises the question; What factors did contribute to Iran's agricultural progress?

Setting the stage for modern methods of agricultural production and marketing was the country's political stability, coupled with security for capital investment.

Expanded credit research

The government during this 16-year period established the Agricultural Bank and agricultural cooperatives to replace the landlords in their traditional role as creditors. Credit became easier to get, terms were better, and farmers were not only more able but also more willing to make long-term investments in agriculture.

At the same time, the research and extension programs were strengthened, and farmers made better use of the government's educational services. There was better and closer cooperation between technicians and farmers, contributing to expanded production.

Land reform also had its beneficial effects on agriculture. It transformed the pattern of land ownership, breaking the rich landlords' hold on agriculture and providing thousands of acres of land for sale or lease to former landless farmers.

As a result of land reform, many of the uncertainties and misunderstandings facing the farmers and landlords have been eliminated. The farmer is becoming more receptive to new changes and conscious of his responsibilities

Above, farmers driving cattle along the Haraz Chai River; despite crop gains, livestock output is still Iran's major agricultural industry. Below, girl displays freshly picked melon.

The Mohammed Reza Shah Pahlavi Dam near the city of Dezful opened thousands of acres to farming upon its completion in 1963. One of the highest dams in the world, it is bringing agricultural abundance back to the Khuzestan—onetime farming center of Eastern civilization.

Left, machine-planted lettuce field in pilot project of the Khuzestan. Above, combine-threshing of mung beans in the same project; begun for the first time in 1964, this method of harvesting has resulted in higher returns to the farmers. Photos courtesy World Bank and Khuzestan Water & Power Authority.

and contributions to national well-being; he is more and more willing to cooperate with government agencies and increasingly anxious to improve his lot in life. The landlord, who under the Land Reform Act may keep part of his former holding and cultivate it as he sees fit, has made remarkable improvements in his farming activities by adopting more modern practices. As a group, landlords are making a substantial contribution to total farm output.

Stress on water conservation

Iran's greatest problem in expanding agricultural production has long been lack of water—a deficiency that is being overcome through programs to tap additional resources and to better conserve available water. The country over the past 16 years has constructed large and small dams, diversion canals for the proper use of river and stream water, and a large number of deep wells, with the result that irrigated area has risen from 3.0 million acres to 5.7 million. Projects slated to be completed shortly will put 1.7 more acres under irrigation, bringing the total irrigated area to 7.4 million.

Development of another natural resource—oil—has also contributed to increased agricultural production. Oil revenues have been used wisely in the total economy, especially in agricultural development. The large dams and water diversion schemes, which cost many millions of dollars, were made possible only through use of these revenues.

Technical training, aid helps

One of the most important factors in the production picture has been the many thousands of technicians trained in the United States and elsewhere abroad and in Iran. This investment in higher education has already led to improved research and education, better organized government services, and more up-to-date agricultural practices. From among these trained men come most of the present members of government—the Parliament and most important government services are headed and supervised by them.

Closely related to this emphasis on education are the aid programs, both national and international. Here it could be said that U.S. contributions—through Point IV and later through the Agency for International Development—helped lay the foundations of the many agricultural services, which today, under intelligent Iranian management, have expanded and become indispensable to Iran's agricultural growth and development. The personal contact of Iranian and American technicians and the specialized training they received both on the job and in the United States have been important factors behind the growth and development of Iranian agriculture. And much of the foundation stock—seed and livestock—has come to Iran from the United States.

Still short of meeting population's needs

Increases over these 16 years in agricultural production do not mean that Iran has reached the saturation point for its most important food commodities. On the contrary, Iran is just beginning to meet some of the ever-growing needs of its population.

Iran today has to import about 10-15 percent of its breadgrains, 15 percent of its feedgrains, 60 percent of its vegetable oils, 20 percent of its livestock and dairy products, 70 percent of its sugar, and 44 percent of its tea.

Most fruits and vegetables also are not produced in sufficient quantities to meet the growing demand. The country does, however, export large quantities of cotton, pistachios and other nuts, raisins, dried apricots, hides and skins, wool, and carpets.

Iran is better equipped than most other countries to meet its food deficiencies. It has the resources and the people to do the job. However, the long distances between areas of production and centers of consumption make transportation very costly; and there is still a lack of sufficient long-term credits, of trained technicians, and—above all—of highly trained farmers. Population growth, estimated at 2.8 percent per annum, and increased purchasing power of the masses will delay catching up with the demand. Thus, time and readily available capital will determine when this country becomes self-sufficient in most of its food products.

Argentina's Meat Exports Increase 33 Percent in January-May

Argentina exported 290,835 metric tons of meat and meat products during the first 5 months of 1967, 33 percent more than in the comparable period of the previous year. The value reached $177 million, against $144 million in 1966, according to the National Meat Board.

Exports of refrigerated beef and veal, excluding variety meats, rose by 28 percent to 202,503 tons and accounted for about 70 percent of total meat shipments. Exports of other beef products were up 52 percent, lamb and mutton 47 percent, and pork 22 percent.

Exports to the United States, mostly beef and veal in cans or cooked and frozen, amounted to 17,161 tons in the January-May period. The total for calendar year 1966 was 41,358 tons.

Following an analysis of foreign demand for Argentine beef and veal, the Ministry of Economy concluded that the country's exports in 1967 will total around 500,000 metric tons, product weight (700,000 tons CWE), an increase of about 9 percent from the 1966 level of 461,000. This assumes a slaughter of 11.8 million head, compared with 11.2 million last year, and a slight growth in domestic consumption from the 1966 level of about 176 pounds per capita. Should consumption go as high as 187 pounds, the increase could be provided by heavier slaughtering weights, the Ministry pointed out.

These projections were given in a statement explaining Argentina's rejection of recent counterproposals by the European Economic Community intended to give Argentina wider access to this market, following the French veto of major concessions earlier agreed upon in the Kennedy Round. Notwithstanding present trade barriers, the statement noted that Argentina's beef exports to all destinations, including the EEC, are running ahead of last year's totals. In addition, Argentina's cattle slaughter this year will not be in excess of the export and domestic requirements estimated for 1967.

ARGENTINE MEAT EXPORTS, JANUARY-MAY

Item	1966 Volume	1966 Value	1967 Volume	1967 Value
	Metric tons	*1,000 U.S. dol.*	*Metric tons*	*1,000 U.S. dol.*
Beef and veal:				
Chilled	64,163	41,119	64,028	35,234
Frozen:				
Continental	65,184	40,068	79,952	45,343
Manufacturing:				
Bone in	12,056	7,358	15,920	8,126
Bone out	12,938	10,364	37,265	23,670
Cooked, frozen	3,545	4,282	5,338	6,148
Subtotal	157,886	103,191	202,503	118,521
Variety meats	15,000	6,802	20,173	8,123
Canned, excluding tongue	15,653	13,417	26,016	22,750
Canned tongue	222	404	456	810
Salted and/or cured	21	15	296	194
Subtotal	30,896	20,638	46,941	31,877
Lamb and mutton:				
Frozen	18,743	6,995	27,148	10,018
Variety meats	939	535	1,457	723
Canned	82	56	461	317
Subtotal	19,764	7,586	29,066	11,058
Pork:				
Frozen	4,007	2,547	4,526	2,679
Variety meats	1,198	512	1,811	626
Subtotal	5,205	3,059	6,337	3,305
Meat extract	659	6,914	1,809	8,862
Other	4,065	3,030	4,179	3,092
Subtotal	4,724	9,944	5,988	11,954
Grand total	218,475	144,418	290,835	176,715

ARGENTINE MEAT EXPORTS TO THE UNITED STATES

Item	CY 1965 Volume	CY 1965 Value	CY 1966 Volume	CY 1966 Value	Jan.-May 1967 Volume	Jan.-May 1967 Value
	Metric tons	*1,000 U.S. dol.*	*Metric tons*	*1,000 U.S. dol.*	*Metric tons*	*1,000 U.S. dol.*
Beef and veal:						
Cooked, frozen	6,876	8,525	12,932	15,928	5,312	6,119
Canned (corned, roast, brisket)	14,221	11,873	20,125	17,532	8,601	7,800
Lamb & mutton, canned	103	74	9	8	20	14
Meat extract	33	482	147	1,183	8	36
Other meat products	4,009	2,274	8,145	6,121	3,220	2,501
Total	25,242	23,228	41,358	40,772	17,161	16,470

National Meat Board.

Therefore, the Ministry emphasized, the immediate outlook for the Argentine livestock industry is good, and producers should not be thinking of shifting to other farm enterprises. The statement then outlined the long-range supply-demand picture for red meat, drawing from United Nations Food and Agriculture Organization projections, to show that producers in Argentina can expect to contribute importantly to filling anticipated supply deficits.

—MARTIN G. SCHUBKEGEL
Assistant U.S. Agricultural Attaché, Buenos Aires

Argentina Faces Possible Wheat Imports

Despite official estimates that Argentina has sufficient wheat to meet its milling needs until the new crop is harvested, other sources, including some of the trade, believe that wheat imports will become necessary. A press report indicates that negotiations are underway to barter 100,000 tons of Argentine beef for an equal amount of Spanish wheat. The Argentine Secretary of Agriculture denies knowledge of such negotiations.

After a survey of all flour mills in the country, the Department of Commerce announced that mill stocks of wheat and firm purchases totaled 925,000 metric tons as of June 15. Since mill consumption averages about 250,000 tons monthly, the June 15 stocks would carry the mills into October, while supplies from the new harvest will not become available until about December 1. Authorities pointed out that other supplies are in the hands of brokers, cooperatives, and farmers, although the volume of these holdings has not been established. They stated that the internal supply should be sufficient to meet requirements until harvest. If not, imports will be considered.

Conditions for planting the 1967-68 crop have been generally favorable in the wheat belt as a whole, although adverse weather in June delayed planting in some areas. With planting 40-50 percent completed, it appears that total acreage will be on the order of 10 percent above that of 1966-67. Wheat is being planted on some lands formerly devoted to rye and barley and probably oats and some oilseeds.

—Dispatch from JOSEPH C. DODSON
U.S. Agricultural Attaché, Buenos Aires

World Wheat Producers Expected To Harvest Near-Record Crop

Based on mid-July conditions, the 1967 world wheat harvest—well underway in the Northern Hemisphere—will be at a near-record level. The outlook is for a crop second only to the record high of 1966 and again sharply above average.

Prospects in the Northern Hemisphere, excluding the Soviet Union, point to a larger crop than that of 1966. Production in North America will probably exceed even the marked increase of 1966 because of record crops in the United States and Mexico. Their production will probably more than offset a substantially smaller crop in Canada.

The outlook in the Soviet Union is for a good winter crop this year, though well under the 1966 record. Spring wheat acreage is down about 8 percent; it is too early to know the outcome of the crop. In 1966, the Soviet Union produced over a fourth of the world's wheat. The record harvest derived from increased yields per acre for both winter and spring wheats.

U.S. acreage higher

The official estimate of U.S. acreage as of July 1 was 20 percent or 10 million acres larger than in 1966. With prospective near-record outturn per acre, the estimated crop is 22 percent or 7.8 million metric tons higher. In the third week of July a severe drought hit the principal spring wheat State of North Dakota, and over half the wheat counties were declared emergency disaster areas.

The drought extended into Canada's Prairie Provinces, where the crop was deteriorating rapidly from continued lack of rain into the third week of July. This dry weather followed a cold, wet, and late spring which delayed planting and prevented Canada's intended acreage increase from being attained. Estimated acreage of the Prairie Provinces, which account for about 98 percent of Canada's wheat acreage, is 1 percent above the 1966 record compared with an intended increase of 5 percent. Under conditions thus far, Canada's crop could be 25 percent below the record 1966 harvest and perhaps at about the average of 564 million bushels produced during 1961-65. If rainfall shortages persist, production could be even lower than the current estimate.

Acreage harvested in Western Europe is once again about 6 percent below the record wheat area of 1965. Prolonged wet weather prevented planned acreage from being planted for the second successive year. However, with growing conditions more favorable thus far than in 1966, production is expected to be 5 to 10 percent greater.

High yields in Europe

Most of the Western Europe countries, including the main producing countries of France, West Germany, Portugal, Spain, and the United Kingdom, have high yielding crops. Italy also has high-yield prospects, though the crop cannot be expected to reach last year's large one because of the extensive acreage losses sustained in last November's floods. Current estimates of production in the EEC countries total 28.3 million metric tons, up 7 percent from 26.5 million in 1966 and 8 percent from the average production of 26.2 million tons during the 5-year period between 1960 and 1964.

Good crops are being harvested in Eastern Europe. High-level acreage was maintained, and crops are reported generally to be in good shape.

Production in North Africa made considerable recovery from the drought-stricken crops of 1966, though dry weather has again reduced harvests in some areas. The best recovery occurred in Algeria, where a bumper crop is in prospect. Morocco's production improved over last year, but is below the 1965 record and only slightly above the average. However, Tunisia has another very poor crop. With good conditions for the wheat being planted in the Republic of South Africa, output is likely to be substantially higher than the poor crops of the last 2 years.

Good crops in Asia

The outlook for Asia is for a harvest close to the 1966 record. Unconfirmed reports from Mainland China indicate a 10-percent increase in production of summer grains. For wheat, this would be about 2 million tons more than the estimated 20 million of 1966. The Indian crop estimate approximates the record of 1965. Pakistan's production is considerably better than it was last year, but well below the superior crop of 1965.

Countries in the Middle East have good wheat crops. The principal producers, Iran and Turkey, again have bumper harvests, and outturns are up in Israel, Iraq, Jordan, and Syria.

Estimated production of the five main exporters—Argentina, Australia, Canada, France, and the United States—is up 3 percent from the previous record of last year. By far the major increase is in the United States, with some gain expected in France and Argentina. Based on present conditions, these crops could be expected to more than offset the marked decline in Canada and a possible smaller crop in Australia.

Argentina's acreage, now being planted, is expected to be up about 10 percent from that of a year ago. On the whole, the crop is in fairly good condition.

Australia is putting in a record wheat acreage. Rainfall has been varied in the wheat States, and widespread rains will be needed to ensure the harvesting of normal yields.

—L. THELMA WILLAHAN
Grain and Feed Division, FAS

Iran Sells Wheat to Iraq; Anticipates Surplus

Iran on July 5 signed an agreement with Iraq for the sale of 60,000 metric tons of wheat. An agreement for an additional sale of 90,000 tons is reportedly under consideration.

Under the current agreement wheat exports will begin about July 25 and move at the rate of about 800 tons per day. Of the 60,000 tons, about 30,000 will be from last year's crop, and the remaining 30,000 will come from the new crop.

Iran is anticipating an exceptionally large wheat harvest this year. Since existing storage facilities will be inadequate to handle the crop, the country is looking for export markets to alleviate the storage problem.

Iran is expected to have a wheat surplus of about 250,000 tons remaining after the current sale.

Communist Countries Buy Less Free World Cotton

Exports of raw cotton to Communist countries from the Free World (during specified months shown in accompanying table) were 21 percent lower in 1966-67 than in the same months of 1965-66. Shipments in 1966-67 amounted to 1,115,000 bales (480 lb. net), compared with 1,404,000 in the same period of 1965-66. Total Free World exports to Communist countries in the 1965-66 season (August-July) were 2,486,000 bales.

Egypt and Syria were the largest suppliers during the specified months of 1966-67, accounting for 32 and 25 percent, respectively, of the total to date. Communist countries were the destinations for approximately 50 percent of total Egyptian cotton exports during the first 7 months of the current season. Syria exported about 60 percent of its cotton crop to the Communist countries during August-April 1966-67.

COTTON EXPORTS FROM FREE WORLD COUNTRIES TO COMMUNIST COUNTRIES[1]
[1,000 bales of 480 lb. net]

Exporting country	No. of months[2]	Bulgaria	China	Czech.	East Germany	Hungary
Brazil	5	0	0	10	3	12
British E. Africa	12	0	83	0	(3)	2
Egypt	7	9	66	61	18	17
Greece	7	8	0	8	3	13
Iran	4	0	0	0	0	16
Israel	8	0	0	0	0	4
Pakistan	9	3	82	2	0	4
Sudan	3	0	2	1	1	2
Syria	9	4	74	7	2	42
Turkey	8	4	3	2	5	5
United States[4]	10	0	0	0	0	0
Other[5]	6	1	0	(3)	0	4
Total 1966-67	....	29	310	91	32	121
Total 1965-66	....	45	516	85	23	103

Exporting country	No. of months[2]	Poland	Rumania	USSR	Total 1966-67	Total 1965-66
Brazil	5	1	0	8	34	26
British E. Africa	12	1	0	1	87	212
Egypt	7	24	24	136	355	428
Greece	7	20	0	27	79	54
Iran	4	0	0	0	16	38
Israel	8	11	0	0	15	7
Pakistan	9	30	0	7	128	133
Sudan	3	0	0	11	17	26
Syria	9	22	54	79	284	332
Turkey	8	0	4	(3)	23	91
United States[3]	10	71	0	0	71	43
Other[4]	6	1	0	0	6	14
Total 1966-67	....	181	82	269	1,115	.....
Total 1965-66	....	180	71	369	.....	1,404

[1]Statistics for some countries are preliminary [2]Season beginning August 1, except British East Africa, calendar year. [3]Less than 1,000 bales. [4]Running bales. [5]India, Mexico, Morocco, and Peru.

Canadian Flaxseed Acreage Down; Rapeseed Up

Preliminary estimates indicate a 43-percent reduction in flaxseed acreage and a 13-percent increase in rapeseed in Canada's Prairie Provinces, where most of the country's flaxseed and all of its rapeseed are grown. The 1967 estimates, released on July 12, are based on the Dominion Bureau of Statistics' annual June survey.

Flaxseed area is estimated at 1,082,000 acres, compared with the revised estimate of 1,883,000 in 1966. Dry weather caused poor germination of flaxseed. In some areas, the deteriorated crop was ploughed down.

Average precipitation for the Prairie Provinces since April 1 was reported as follows: Manitoba, 7 percent below normal; Saskatchewan, 50 percent below normal; Alberta, 18 percent below normal.

Rapeseed area is expected to be a record 1,726,000 acres, compared with 1,525,000 acres in 1966. Increased acreage available for planting to rapeseed resulted principally from a reduction in the area sown to oats and flax. Prospects for rapeseed reportedly are more favorable in Manitoba and Alberta than in Saskatchewan.

FLAXSEED AND RAPESEED ACREAGES, CANADIAN PRAIRIE PROVINCES[1]

Province	Flaxseed 1966	Flaxseed 1967	Rapeseed 1966	Rapeseed 1967
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*
Manitoba	1,107	718	170	176
Saskatchewan	429	193	731	675
Alberta	347	171	624	875
Total	1,883	1,082	1,525	1,726

Preliminary estimates.
Telegraphic Crop Report, Prairie Provinces, Dominion Bureau of Statistics, July 12, 1967.

Mexico's Production of Vegetable Oil Climbs

Vegetable oil production in Mexico in 1966 totaled 393,574 metric tons, 15 percent above 1965 production of 341,954 tons. The increase resulted largely from a record safflowerseed crop.

VEGETABLE OIL PRODUCTION IN MEXICO

Type	1965	Preliminary 1966
	Metric tons	*Metric tons*
Cottonseed	126,580	126,000
Sesame	61,785	71,010
Safflower	22,950	52,650
Soybean	10,057	15,300
Coconut	90,000	96,000
Palm kernel	15,500	15,800
Other edible oils[1]	7,952	8,154
Industrial oils[2]	7,130	8,660
Total	341,954	393,574

[1]Includes corn, olive, peanut, and rapeseed oils. [2]Includes linseed, castor, and other vegetable oils.

Production of safflowerseed reached 246,000 tons, compared with 85,000 tons in 1965. Output of safflower oil exceeded the previous year's production by 30,000 tons, bringing the total to 52,650 tons.

The aggregate gain in sesame, coconut, and soybean oils amounted to 20,500 tons.

Vegetable oil production in 1967 is expected to be lower than in 1966 but should still be 8 to 10 percent above production in 1965. Slight increases are forecast for cottonseed oil, which accounts for almost one-third of total output, and for sesame, coconut, and soybean oils.

Imports are expected to remain at the minimum level of 1966.

Philippine Exports of Coconut Products Decline

Registered exports of copra from the Philippine Republic during January-June 1967 totaled 340,521 long tons, compared with 446,984 tons in the same period a year earlier. Of the total, 108,770 tons moved to the United States, compared with 138,499 in January-June 1966.

Exports of coconut oil for January-June 1967 amounted to 101,238 tons, against 135,872 in the same period a year ago. Movements to the United States were 87,284 tons, against 109,611 last year.

Desiccated coconut exports for June 1967 totaled 5,168 short tons. Cumulative exports through June were 27,202 tons, 3,112 tons below those of the same period a year ago. Of the total, 20,247 tons moved to the United States, compared with 22,246 last year.

PHILIPPINE REGISTERED EXPORTS OF COPRA, COCONUT OIL, AND DESICCATED COCONUT

Commodity and destination	June		January-June	
	1966	1967[1]	1966	1967[1]
	Long tons	*Long tons*	*Long tons*	*Long tons*
Copra:				
United States	19,298	19,700	138,499	108,770
Europe	51,825	29,850	265,579	179,650
South America	5,951	2,750	14,751	15,400
Japan	4,200	7,250	24,700	36,701
Middle East	1,630	0	2,155	0
Africa	1,300	0	1,300	0
Total	84,204	59,550	446,984	340,521
Coconut oil:				
United States	18,190	19,350	109,611	87,284
Europe	4,187	1,730	25,319	13,849
Japan	0	105	0	105
South Africa	440	0	942	0
Total	22,817	21,185	135,872	101,238
Desiccated coconut:	*Short tons*	*Short tons*	*Short tons*	*Short tons*
United States	3,238	3,685	22,246	20,247
Canada	405	391	1,990	1,923
Denmark	96	59	407	98
Germany, West	504	12	1,140	242
Netherlands	215	129	638	667
Sweden	175	110	559	371
Australia	501	248	1,820	1,723
Others	375	534	1,514	1,931
Total	5,509	5,168	30,314	27,202

[1]Preliminary.
Associated Steamship Lines, Inc., Manila.

Australian Canned Fruit Pack

The Australian Canned Fruit Board has released final estimates of the 1967 canned fruit pack. They are as follows (in cases of 24-2½'s), compared with last year's pack:

	1967	*1966*
Apricots	1,054,000	663,000
Peaches	5,038,000	4,565,000
Pears	2,797,000	3,384,000
Mixed fruit	1,406,000	1,219,000

The 1967 pack is the largest on record for apricots, peaches, and mixed fruits. Although the pear pack is sharply smaller than the alltime high produced in 1966, it is, nevertheless, equal to the 5-year average.

Clingstones, as usual, dominate the peach pack, accounting for 4,973,000 cases of the 1967 peach total. Fruit cocktail accounts for 698,000 cases of the mixed fruit category while "two-fruits" amount to 575,000 and fruit salad 133,000 cases.

Netherlands Prices on Canned Fruits and Juices

Selling prices in the Netherlands (landed, duty paid) of selected canned fruits and juices are shown below:

Type and quality	Size of can	Price per dozen units: July 1966	April 1967	July 1967	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots, halves:					
Choice	15 oz.	2.05	2.06	2.06	Spain
Quality not specified	500 gr.[1]	.....	1.86	1.86	Spain
Do	2½	3.55	3.15	.....	S. Africa
Cherries:					
Not pitted	2½	6.80	6.43	6.20	Italy
Do	2½	.....	7.13	7.13	Netherlands
Fancy, pitted, sour	No. 10	19.57	18.56	18.73	U.S.
Fruit cocktail:					
Choice, heavy syrup	2½	5.64	5.07	.....	U.S.
Choice, light syrup	2½	5.04	4.81	5.37	U.S.
Do	303	.....	3.15	3.25	U.S.
Peaches, halves:					
Choice, heavy syrup	2½	4.04	4.18	4.18	U.S.
Do	2½	.....	3.94	4.01	Australia
Choice, light syrup	2½	3.98	4.01	4.01	U.S.
Standard, light syrup	2½	3.81	3.91	3.91	U.S.
Do	2½	3.48	3.75	3.35	Australia
Quality not specified, heavy syrup	16 oz.	2.49	2.42	2.42	Italy
Pears, halves:					
Heavy syrup	2½	.....	4.97	4.91	Italy
Pineapple:					
Choice, heavy syrup:					
Four whole slices	No. 1	1.69	1.72	1.72	U.S.
Eight round-cut slices	12 oz.	1.79	1.79	1.79	Malaya
Ten round-cut slices	20 oz.	2.55	2.55	2.55	Malaya
Whole slices:					
Choice	No. 2	3.35	3.35	3.38	U.S.
Heavy syrup	15 oz.	.....	2.32	2.32	Taiwan
Chunks, heavy syrup	2½	3.86	3.88	3.88	U.S.
Pieces, heavy syrup	30 oz.	3.41	3.08	3.22	Taiwan
CANNED JUICE					
Grapefruit, unsweetened	No. 2	2.29	1.96	2.19	Israel
Pineapple, unsweetened, fancy	No. 2	1.82	1.82	1.82	U.S.

[1]500 grams=17.6 oz.

India Continues as Leading Cashew Processor

Despite the rapid expansion of mechanized cashew-processing industries in Africa, India hand processed over 90 percent of the world's commercial cashew crop (excluding minor production in Latin America) in 1966. However, just 5 years ago, India was shelling virtually the entire crop, and the trend is toward a rapid decrease in its share.

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Indian exports of cashew kernels in 1966 reflected the decline in Indian processing. Totaling 52,817 short tons, kernel exports were the lowest since 1962 and 11 percent below the record 1965 level, but they were marginally above the 52,192 tons averaged in 1960-64. Reduced sales to the United States accounted for most of the loss, as exports to the Soviet Union and Eastern Europe were virtually at the 1965 level. Shipments to other areas were somewhat below the previous year's level.

Cashew prices so far in 1967 have been considerably below last year's unprecedented levels. However, in terms of rupees, prices paid by processors have actually been above last year's level because India devalued its currency in June 1966. The lower dollar prices are partly a result of this devaluation, but are caused mostly by the much larger world cashew crop in 1967 (368,000 short tons, compared with 285,000 in 1966).

Based on reports of increasing home consumption in India, the 1966 estimate of cashew production has been raised to 85,000 short tons. The 1967 crop is still estimated at 90,000 tons in spite of reports of rain damage in some areas last April.

INDIA'S CASHEW SUPPLY AND DISTRIBUTION
[Raw nut basis]

Item	Average 1960-64	1965	1966[1]	1967[2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Jan. 1)	16.1	2.0	16.0	10.0
Production	81.0	90.0	85.0	90.0
Imports	151.4	193.5	155.1	175.0
Total supply	248.5	285.5	256.1	275.0
Exports[3]	228.8	253.2	225.5	240.0
Domestic disappearance	8.8	16.3	20.6	23.0
Ending stocks (Dec. 31)	10.9	16.0	10.0	12.0
Total distribution	248.5	285.5	256.1	275.0

[1]Revised. [2]Preliminary. [3]Kernels converted to raw-nut basis at 4.27:1 all years but 1964 when 4.78 was used.

INDIA'S CASHEW KERNEL EXPORTS

Destination	1964	1965	1966
	Short tons	*Short tons*	*Short tons*
Germany, East	3,630	4,013	3,277
USSR	11,037	14,677	14,940
Soviet oriented countries	561	272	504
Subtotal	15,228	18,962	18,721
United States	30,347	29,815	24,962
United Kingdom	3,939	3,149	2,534
Canada	1,852	1,665	1,445
Australia	2,140	1,505	1,372
Other countries	4,807	4,212	3,783
Total	58,313	59,308	52,817

CASHEW PRICES

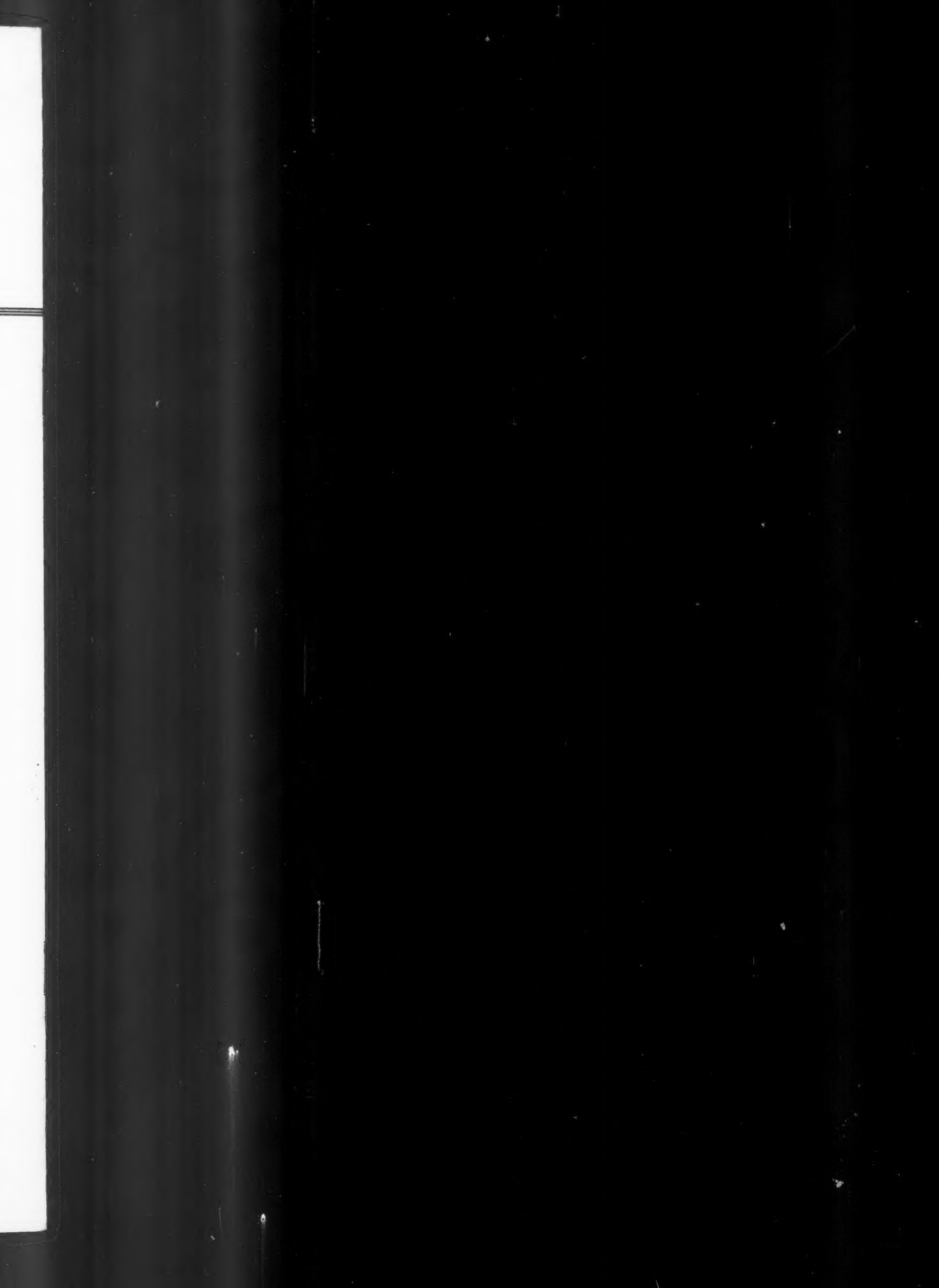
Item	1964	1965	1966	1967
African raw nuts:[1]	*U.S. dol. per short ton*	*U.S. dol. per short ton*	*U.S. dol. per short ton*	*U.S. dol. per short ton*
Jan. 1	151.88	161.25	168.75	179.69
Feb. 1	145.31	180.38	187.50	178.50
Mar. 1	150.00	182.81	201.56	159.46
Apr. 1	146.25	178.13	215.63	174.93
May 1	144.38	185.63	225.00	184.45
June 1	150.00	187.50	225.00	189.80
July 1	160.31	197.81	226.10	187.42
Aug. 1	189.50	184.69	211.82	.....
Sept. 1	181.88	176.25	211.82	.....
Oct. 1	172.50	177.19	179.69	.....
Nov. 1	173.44	168.75	181.12	.....
Dec. 1	161.25	159.38	174.93	.....
Indian kernels:[2]	*U.S. cents per pound*	*U.S. cents per pound*	*U.S. cents per pound*	*U.S. cents per pound*
Jan. 1	54.5	58.0	61.0	59.0
Feb. 1	52.5	61.0	64.0	56.5
Mar. 1	56.0	59.0	68.0	55.0
Apr. 1	57.0	58.0	73.0	55.0
May 1	57.0	57.5	79.0	57.5
June 1	59.0	59.0	74.0	61.0
July 1	65.0	63.0	71.0	65.0
Aug. 1	70.0	65.0	76.0	.....
Sept. 1	69.0	63.0	77.0	.....
Oct. 1	68.0	63.0	73.0	.....
Nov. 1	67.0	62.0	70.0	.....
Dec. 1	60.0	59.5	65.0	.....

[1]Angochees, c.i.f. Cochin. (Converted from rupees at 1 rupee =21 U.S. cents through June 1966 and 1 rupee=13.33 cents thereafter.) [2]320 count in 25-pound tins, c.&f. New York.

Greek Burley Production Rises Sharply

Latest information available on Greek production of burley tobacco this year indicates that about 24 million pounds will likely be produced from 10,900 acres. In 1966, the crop was 13.7 million pounds from 5,436 acres.

Turkey's Tobacco Exports Lower This Year

Turkey shipped out a total of 75 million pounds of leaf tobacco in the period January-March 1967. The export value was $45.7 million. Purchases by the United States amounted to nearly 52 million pounds.

In the first 3 months of 1966, total exports of leaf tobacco were 82.7 million pounds valued at $47.6 million. The United States took about 53 million pounds.